



*Colorado Legislative Council Staff Fiscal Note*  
**REVISED NO FISCAL IMPACT**

(replaces fiscal note dated January 23, 2007)

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**Drafting Number:** LLS 07-0353

**Date:** April 5, 2007

**Prime Sponsor(s):** Rep. Solano  
Sen. Shaffer

**Bill Status:** Senate SVMA

**Fiscal Analyst:** Marc Carey (303-866-4102)

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**TITLE:** CONCERNING NET METERING FOR CUSTOMER-GENERATORS OF COOPERATIVE ELECTRIC ASSOCIATIONS.

### **Summary of Assessment**

This reengrossed bill repeals and reenacts with several modifications, statutes related to net-metering for customer-generators of cooperative electric associations (CEAs). The bill requires that all cooperative electric associations allow a customer's retail electricity consumption to be offset by the electricity generated from eligible renewable energy resources (as defined in the bill) if the generating capacity of the customer's facility does not exceed:

- 500 kilowatts for CEA's with 10,000 retail meters or less;
- 1 megawatt for CEA's with between 10,000 and 40,000 retail meters;
- 2 megawatts for CEA's with over 40,000 retail meters; and
- the customer's service entrance capacity.

Under current law, if total generating capacity of all customers using new metering systems exceeds 1 percent of the capacity necessary to meet the CEA's total peak demand in a given calendar year, the CEA may elect not to provide net-metering service to additional customer generators. This opt-out provision would be eliminated.

The bill also requires that all customer-generator facilities that generate energy from a renewable resource be equipped with a meter that can measure the flow of energy in both directions. If the existing meter does not meet these requirements, the CEA is required to install and maintain a new meter at the customer's expense. The customer is also responsible for paying for any subsequent meter change necessitated by the customer. Meters for well pumps must be capable of supplying the State Engineer with a record of the energy used to pump groundwater. The bill also authorizes a CEA to require the use of a demand-based rate for customer-generators taking service on seasonal irrigation if the irrigation pump is larger than 25 horsepower.

The bill caps the amount of net metering for any single CEA at 1 percent of total monthly peak demand in 2007 and 2008, 3 percent in 2009 and 2010, and 5 percent thereafter. The bill requires each CEA to publish specified information on its website, and requires the CEA and its customer-generators to comply with the interconnection standards established in the rules by the Public Utilities Commission (PUC). The bill allows the CEA to establish interconnection forms and procedures that are less stringent on the customer-generator than the PUC rules.

Finally, the bill establishes the following maximum insurance rates protecting against bodily injury and property damage:

- \$300,000 for per occurrence for systems less than 100 kilowatts;
- \$1 million per occurrence for systems between 100 kilowatts and 1 megawatt;
- \$2 million per occurrence for systems between 1 and 2 megawatts; and
- amounts determined on a case-by-case basis for systems great than 2 megawatts.

The bill specifies that for systems greater than 100 kilowatts, the CEA may be named as an additional insured entity, and the CEA must be given 30 days notice prior to cancellation or reduction of coverage. No customer-generator may begin or continue interconnected operations without satisfactory insurance coverage. The bill will become effective on August 8, 2007, unless a referendum petition is filed.

***State Impacts.*** The customer-generator, net-metering rules for renewable energy that CEAs would be required to adopt and implement are consistent with rules recently approved by the PUC for investor-owned utilities (IOUs). CEAs would be required to file compliance tariffs with the PUC just like IOUs, but no additional work by the PUC is required.

***Other Impacts.*** This bill requires CEAs to provide an initial meter to customer generators and publish specific information on their website. In addition, net metering reduces revenues, as CEAs will no longer sell power to, but instead buy power from, customer generators. However, these requirements are not anticipated to be significant enough to affect utility rates. Thus, this bill does not affect state or local revenues or expenditures, and is assessed as having no fiscal impact.

## **Departments Contacted**

Regulatory Agencies